



WILLIAM T FUJIOKA
Chief Executive Officer

County of Los Angeles **CHIEF EXECUTIVE OFFICE**

713 KENNETH HAHN HALL OF ADMINISTRATION
LOS ANGELES, CALIFORNIA 90012
(213) 974-1101
<http://ceo.lacounty.gov>

August 21, 2007

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**TEN-YEAR LEASE
SHERIFF DEPARTMENT, FIRE DEPARTMENT,
INTERNAL SERVICES DEPARTMENT, AND
OFFICE OF PUBLIC SAFETY
2525 CORPORATE PLACE, MONTEREY PARK
(FIRST DISTRICT) (3 VOTES)**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve and instruct the Chairman to sign the attached ten-year lease with EastGroup Properties, Inc., (Landlord). The lease will commence upon Board approval and will provide the Sheriff Department (Sheriff), Fire Department (Fire), Internal Services Department (ISD), and the Office of Public Safety (OPS), use of 10,941 rentable square feet of office space and 44 parking spaces. The maximum first year annual lease cost is \$399,305, which consists of the annual base rent in the amount of \$240,000 and the reimbursement of the Tenant Improvement (TI) Allowances, which are the amortized cost of the Additional TI allowance in the amount of \$49,895 and the Discretionary TI allowance in the amount of \$109,410, paid in lump-sum. The annual lease costs are net County cost.
2. Authorize ISD, or the Landlord, at the direction of the Chief Executive Office (CEO), to acquire telephone, data and low voltage systems at a cost not to exceed \$500,000. At the discretion of the CEO, all or part of the telephone, data and low voltage systems may be paid in a lump sum or financed over a five-year term at 8 percent not to exceed \$121,659 per year, in addition to other TI allowances provided under the lease.

Board of Supervisors
GLORIA MOLINA
First District

YVONNE B. BURKE
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

3. Find that the Amendment is categorically exempt from the California Environmental Quality Act (CEQA) pursuant to Class 1, Section r, of the Environmental Document Reporting Procedures and Guidelines adopted by your Board on November 17, 1987, and Section 15062 (b) (3) of the State CEQA Guidelines.
4. Authorize the CEO, Sheriff, Fire, ISD, and OPS to implement the project. The lease will be effective upon the Board approval.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

A study was completed in October 2001, which focused on the development of a consolidated Sheriff, Fire, and OPS Communications System, to replace and upgrade the existing obsolete technology which consists of two communications systems. The existing systems are not capable of being easily expanded or upgraded to meet new requirements and increased demand. The systems are currently overloaded due to the expansion of services to additional cities, stations, personnel, and radio units.

The study incorporated an analysis of the existing systems, defined new requirements, and made recommendations to ensure that a new communications system would comply with the operational requirements of the Sheriff, Fire, and OPS. Further, the study found that a consolidated system would provide effective interoperability for Countywide law enforcement and fire operations, and made recommendations regarding alternate funding options for the acquisition and implementation of the new radio communications system.

On January 22, 2004, in a joint memo from the Sheriff, Fire, and OPS, the Board was informed of the County's intent to enter into sole source contract negotiations with RCC Consultants, Incorporated (RCC), to develop the technical scope of work and evaluation tools for replacing and upgrading the existing communication systems with a consolidated system. In July 2004, ISD negotiated a sole source contract with RCC. Subsequently, on November 29, 2005, the Board approved the agreement with RCC to proceed with the acquisition process by developing the Request for Proposals (RFP).

The project was divided into three phases. The first phase sought Board authorization for the development of the technical scope of work for the RFP, established the technical and management evaluation criteria for proposals, and created evaluation questions associated with those areas. The second phase addressed the space and staffing allocation. The third phase will continue for a minimum of five years and encompasses the implementation, operation and maintenance of the program. Additional space may be required during the third phase to allow for the expansion of support staff. The lease acquisition of office space within the above-referenced building will enable the development and implementation of the consolidated communications system.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The Countywide Strategic Plan directs that we improve the workplace environment in order to enhance quality and productivity (Goal 2, Strategy 2) and that we strengthen the County's fiscal capacity (Goal 4) and support public safety (Goal 8). The proposed action will enable the development and implementation of the consolidated communications system and enhance emergency services countywide.

FISCAL IMPACT/FINANCING

The proposed full service gross lease will provide 10,941 rentable square feet of office space and 44 non-exclusive structured and surface parking spaces included in the base rent. The proposed lease rate is \$1.83 per rentable square foot, \$20,000 per month or \$240,000 annually. Program operations will be funded through the General Fund.

2525 Corporate Place	Proposed Lease
Area (Square Feet)	10,941
Term	Ten years
Annual Base Rent*	\$240,000 (\$21.94)
Option to Renew	One five-year option
Rental adjustment	Annual Consumer Price Index (CPI) capped at 5 percent
Base Tenant Improvements (TI)	\$170,000 or \$15.54 per rentable square foot of the Premises
Additional TI	\$328,230 or \$30 per rentable square foot of the Premises
Discretionary TI	\$109,410 or \$10 per rentable square foot of the Premises
Parking	44 structured and surface spaces
Cancellation	At the 72 nd , 84 th 96 th and 108 th month of the lease term upon six months prior written notice

*Maximum first year lease costs include the base rent in the amount of \$240,000, the amortized cost of the Additional TI Allowance in the amount of \$49,895, paid monthly, and the Discretionary TI allowance in the amount of \$109,410, paid in lump-sum within 60 days of the commencement date of the lease term.

Sufficient funds are available in the 2007-08 Rent Expense Budget and will be charged back to the respective departments.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The proposed lease will provide 10,941 rentable square feet of office space and 44 parking spaces included in the base rent. The Space Request Evaluation (SRE) was approved for 8,325 rentable square feet, which resulted in a surplus of 2,591 rentable square feet, and a maximum rental rate of \$2.00 per rentable square foot. The subject premises with a negotiated rental rate of \$1.83 per rentable square foot was the only space available within the designated search area. The tenant departments acknowledge and will budget to account for the annual difference in rent of \$39,000.

The final preliminary space plan provided 1,667 rentable square feet of surplus space which the Sheriff is working to staff. The proposed lease includes the following provisions:

- The ten-year term will commence upon substantial completion and County acceptance of the TI;
- The monthly base square per square foot rental rate will be \$1.83;
- The base rent will be subject to annual CPI adjustment not to exceed 5 percent;
- The County will have one option to renew the term for an additional five years under the same terms and conditions as in the existing lease except that the rental rate will be adjusted to 95 percent of market rent as defined in the lease;
- The County will have the right to cancel the lease as of the 72nd, 84th, 96th and 108th month of the lease term by giving landlord not less than six months prior written notice;
- The Landlord, at its sole cost and expense, will provide the payment of all taxes, insurance, utilities and maintenance associated with the County's occupancy and there will not be any expenses passed through to the tenant, except that after-hours use of electricity for HVAC will be billed at \$35 per hour and will be payable by the County.
- The Landlord will provide the County a non-reimbursable base TI allowance of \$170,000, or \$15.54 per rentable square foot of the premises, an additional TI allowance of \$328,230 or \$30 per rentable square foot of the premises and a discretionary TI allowance of \$109,410 or \$10 per rentable square foot of the premises. The expended portion of the additional TI allowance will be reimbursed to the landlord, either paid in lump sum or amortized at 9 percent per annum over the lease term, at tenant's option. The expended portion of the discretionary TI allowance will be reimbursed to the landlord in lump-sum within 60 days of the commencement date of the lease term;

- The proposed tenant departments will directly purchase and install the modular furniture.

The CEO Real Estate Division staff surveyed the immediate area to determine the availability of comparable and more economical sites. Staff was unable to identify any sites in the surveyed area that could accommodate this requirement more economically. Attachment B shows all County-owned and leased facilities within a five-mile radius of Sheriff's Headquarters. Based upon the survey, staff has established that the annual rental range for similar space is between \$25.20 and \$27.00 per square foot on a full service gross basis with base year expenses passed through to the tenant. The annual rental rate of \$21.94, without base year expenses, is in the lower range of the full service gross market rates for this area.

ENVIRONMENTAL DOCUMENTATION

The CEO has made an initial study of environmental factors and has concluded that this project is exempt from CEQA as specified in Class 1, Section r, of the Environmental Document Reporting Procedures and Guidelines adopted by your Board November 17, 1987, and Section 15061 (b)(3) of the State CEQA Guidelines.

The Department of Public Works inspected the facility for seismic safety and Americans with Disabilities Act (ADA) accessibility and has found it suitable for County occupancy. There is no space available for lease in the building for a child care center.

The proposed lease was submitted for review to your Board's appointed Real Estate Management Commission on July 18, 2007. After careful review, the Commission approved the lease.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The proposed lease provides the County the right to utilize the premises in accordance with the space plan. The Sheriff, Fire, and OPS, concur in this recommendation.

The Honorable Board of Supervisors
August 21, 2007
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CONCLUSION

It is requested that the Executive Officer, Board of Supervisors, return two originals of the executed lease and the adopted, stamped Board letter and two certified copies of the Minute Order to the CEO, Real Estate Division at 222 South Hill Street, Fourth Floor, Los Angeles, CA 90012 for further processing.

Respectfully submitted,



WILLIAM T FUJIOKA
Chief Executive Officer

WTF:DL
JSE:MM:hd

Attachments (2)

c: County Counsel
Sheriff Department
Fire Department
Internal Services Department
Office of Public Safety

Attachment A

SHERIFF DEPARTMENT, FIRE DEPARTMENT, INTERNAL SERVICES DEPARTMENT,
AND OFFICE OF PUBLIC SAFETY
2525 CORPORATE PLACE, MONTEREY PARK

Asset Management Principles Compliance Form¹

1.	Occupancy		Yes	No	N/A
	A	Does lease consolidate administrative functions? ²			X
	B	Does lease co-locate with other functions to better serve clients? ²	X		
	C	Does this lease centralize business support functions? ²			X
	D	Does this lease meet the guideline of 200 sq.ft of space per person? ² 342/sq. ft. The proposed premises is the only space available and is not divisible. The landlord is offering the space at a below market rate to offset the surplus space. The SRE was approved for 8,325 RSF which resulted in a surplus of 2,591 RSF, however, the final preliminary space plan provided 1,667 RSF surplus spaces, which the Sheriff will staff at some point in the future.		X	
2.	Capital				
	A	Should this program be in leased space to maximize State/Federal funding?		X	
	B	If not, is this a long term County program?	X		
	C	Is it a substantial net County cost (NCC) program? 100%	X		
	D	If yes to 2 B or C; is it a capital lease or an operating lease with an option to buy?		X	
	E	If no, are there any suitable County-owned facilities available?		X	
	F	If yes, why is lease being recommended over occupancy in County-owned space?			X
	G	Is Building Description Report attached as Attachment B?	X		
	H	Was build-to-suit or capital project considered? The size of the requirement is not feasible for a build-to-suit project.		X	
3.	Portfolio Management				
	A	Did department utilize CEO Space Request Evaluation (SRE)?	X		
	B	Was the space need justified?	X		
	C	If a renewal lease, was co-location with other County departments considered?			X
	D	Why was this program not co-located?			
		1. ___ The program clientele requires a "stand alone" parking area.			
		2. <u>X</u> No suitable County occupied properties in project area.			
		3. <u>X</u> No County-owned facilities available for the project.			
		4. ___ Could not get City clearance or approval.			
		5. ___ The Program is being co-located.			
	E	Is lease a full service lease? ² Except after-hours HVAC	X		
	F	Has growth projection been considered in space request?	X		
G	Has the Dept. of Public Works completed seismic review/approval?	X			
	¹ As approved by the Board of Supervisors 11/17/98				
² If not, why not?					

Attachment B

**SHERIFF DEPARTMENT, FIRE DEPARTMENT, INTERNAL SERVICES DEPARTMENT,
AND OFFICE OF PUBLIC SAFETY
2525 CORPORATE PLACE, MONTEREY PARK**

SPACE SEARCH 5 MILE RADIUS OF SHERIFF'S HEADQUARTERS, LOS ANGELES

LACO	FACILITY NAME	ADDRESS	SQUARE GROSS	FEET NET	OWNERSHIP	SQUARE FEET AVAILABLE
5805	MENTAL HEALTH COURTHOUSE	1150 N SAN FERNANDO RD, LOS ANGELES 90065	28523	16817	OWNED	NONE
C760	DPSS-EAST L A GROW EMPLOYMENT SERVICES CENTER	2200 N HUMBOLDT ST, LOS ANGELES 90031	23655	17554	LEASED	NONE
C269	DPSS-LINCOLN HEIGHTS WS DISTRICT OFFICE	4077 N MISSION RD, LOS ANGELES 90032	26000	18575	LEASED	NONE
A471	THE ALHAMBRA COMPLEX - EAST TOWER	1000 S FREMONT AVE, ALHAMBRA 91803	194130	166434	LEASED	NONE
0122	THOMAS A TIDEMANSON BUILDING-ANNEX BUILDING	900 S FREMONT AVE, ALHAMBRA 91803	43500	36975	FINANCED	NONE
X900	THOMAS A TIDEMANSON PUBLIC WORKS BUILDING	900 S FREMONT AVE, ALHAMBRA 91803	536168	363876	FINANCED	NONE
X327	PROBATION-CENTRAL TRANSCRIBING OFFICE	200 W WOODWARD AVE, ALHAMBRA 91801	11273	7360	OWNED	NONE
A159	DISTRICT ATTORNEY-FIGUEROA PLAZA	201 N FIGUEROA ST, LOS ANGELES 90012	87810	83420	LEASED	NONE
5546	DHS-CENTRAL PUBLIC HEALTH CENTER	241 N FIGUEROA ST, LOS ANGELES 90012	60924	34748	OWNED	NONE
3155	PERFORMING ARTS CTR-DE LISA BLDG/THE ANNEX	301 N GRAND AVE, LOS ANGELES 90012	27582	17978	OWNED	NONE
5456	HEALTH SERVICES ADMINISTRATION BUILDING	313 N FIGUEROA ST, LOS ANGELES 90012	221359	134851	OWNED	NONE
0181	KENNETH HAHN HALL OF ADMINISTRATION	500 W TEMPLE ST, LOS ANGELES 90012-2713	958090	591457	FINANCED	NONE
A429	CAO-REAL ESTATE DIVISION/ SERVICE INTEGRATION	222 S HILL ST, LOS ANGELES 90012	29013	26082	LEASED	NONE
A632	PUBLIC DEFENDER-PIAS ET. AL.	312 S HILL ST, LOS ANGELES 90012-3503	9782	9293	LEASED	NONE
A627	COUNTY COUNSEL - WORKER'S COMP/PROBATE	350 S FIGUEROA AVE, LOS ANGELES 90071	14832	14090	LEASED	NONE
3154	CLARA SHORTRIDGE FOLTZ CRIMINAL JUSTICE CENTR	210 W TEMPLE ST, LOS ANGELES 90012	1036283	399535	FINANCED	NONE
0156	HALL OF RECORDS	320 W TEMPLE ST, LOS ANGELES 90012	438095	258677	OWNED	NONE
Y013	DPSS-CIVIC CENTER DISTRICT/GROW CENTER OFFICE	813 E 4TH PL, LOS ANGELES 90013	39956	25158	OWNED	NONE
C863	MED CTR-PATIENT FINANCIAL SERVICES OFFICE	1910 N MAIN ST, LOS ANGELES 90031	13300	8919	LEASED	NONE
5260	CORONER-ADMINISTRATION / INVESTIGATIONS BLDG	1102 N MISSION RD, LOS ANGELES 90033	22479	14251	OWNED	NONE
4526	BISCAILUZ-ADMINISTRATION BUILDING	1060 N EASTERN AVE, LOS ANGELES 90063	16571	11428	OWNED	NONE
6131	DCSS-EAST LOS ANGELES SERVICE CENTER	133 N SUNOL DR, EAST LOS ANGELES 90063	28514	21777	OWNED	NONE
A423	SHERIFF-PERSONNEL AND RECRUITMENT CENTER	101 CENTRE PLAZA DR, MONTEREY PARK 91754	37590	33831	LEASED	NONE
3542	FIRE-ADMINISTRATIVE HEADQUARTERS BUILDING	1320 N EASTERN AVE, LOS ANGELES 90063-3294	39015	24288	FINANCED	NONE
5863	ISD-ADMINISTRATIVE HEADQUARTERS	1100 N EASTERN AVE, LOS ANGELES 90063	80309	58826	FINANCED	NONE
T061	ISD-EASTERN COMPLEX PROJECT MANAGEMENT TRAILR	1100 N EASTERN AVE, LOS ANGELES 90063	7200	6840	LEASED	NONE
X167	SHERMAN BLOCK SHERIFF'S HEADQUARTERS BUILDING	4700 W RAMONA BLVD, MONTEREY PARK 91754	125000	106250	FINANCED	NONE
A015	DC&FS-CORPORATE PLACE MONTEREY PARK OFFICE	2525 CORPORATE PL, MONTEREY PARK 91754	29542	27820	LEASED	NONE
4364	PROBATION-EAST LOS ANGELES AREA OFFICE	144 S FETTERLY AVE, EAST LOS ANGELES 90022	15584	11327	OWNED	NONE
A275	COMMUNITY DEVELOPMENT COMMISSION HEADQUARTERS	2 CORAL CIR, MONTEREY PARK 91755	67500	60750	LEASED	NONE
6578	DPSS-METRO EAST AP DISTRICT OFFICE	2855 E OLYMPIC BLVD, LOS ANGELES 90023	63066	29220	OWNED	NONE
5428	DPSS-BELVEDERE AP DISTRICT OFFICE	5445 E WHITTIER BLVD, EAST LOS ANGELES 90022	70493	49261	OWNED	NONE
A460	DHS-FERGUSON ADMINISTRATIVE SERVICES CENTER	5555 FERGUSON DR, CITY OF COMMERCE 90022	268400	246550	OWNED	NONE
A183	SHERIFF-HOMICIDE BUREAU OFFICE BUILDING	5747 RICKENBACKER RD, CITY OF COMMERCE 90040	17460	14563	LEASED	NONE
A823	FIRE-FIRE PREVENTION DIV/ FORESTRY DIV HDQTRS	5823 RICKENBACKER RD, CITY OF COMMERCE 90040	17710	15939	LEASED	NONE
A146	FIRE-HAZARDOUS MATERIALS DIVISION HEADQUARTRS	5825 RICKENBACKER RD, CITY OF COMMERCE 90040	16670	13737	LEASED	NONE
A427	FIRE-MAPPING & ENGINEERING SECTION OFFICES	5847 RICKENBACKER RD, CITY OF COMMERCE 90040	7177	6100	LEASED	NONE
A310	CHILD SUPPORT SERVICES-COLLECTIONS OFFICE	5895 RICKENBACKER RD, CITY OF COMMERCE 90040	11394	11394	LEASED	NONE

COUNTY OF LOS ANGELES
CHIEF EXECUTIVE OFFICE
LEASE AGREEMENT

**DEPARTMENT: SHERIFF, FIRE, INTERNAL SERVICES AND OFFICE OF PUBLIC
SAFETY, as Tenant**

**LANDLORD: EASTGROUP PROPERTIES, LP, a DELAWARE LIMITED
PARTNERSHIP**

2525 CORPORATE PLACE, MONTEREY PARK

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COUNTY OF LOS ANGELES
CHIEF ADMINISTRATIVE OFFICE
LEASE AGREEMENT

THIS LEASE is entered into as of the _____ day of _____, 2007 between EASTGROUP PROPERTIES, LP, a Delaware limited partnership ("**Landlord**"), and COUNTY OF LOS ANGELES, a body politic and corporate ("**Tenant**"). Landlord and Tenant agree:

1. BASIC LEASE INFORMATION. The following terms as used herein shall have the meanings provided in this Section 1, unless otherwise specifically modified by provisions of this Lease:

- (a) Landlord's Address for Notice: EastGroup Properties
c/o IDS Real Estate Group
515 S. Figueroa St., 16th Floor
Los Angeles, CA 90071
- With a copy to:
- EastGroup Properties
2200 East Camelback Road
Suite 210
Phoenix, Arizona 85016
- (b) Tenant's Address for Notice: Board of Supervisors
Kenneth Hahn Hall of Administration,
Room 383
500 West Temple Street
Los Angeles, California 90012
- With a copy to:
- Chief Executive Office
Real Estate Division
222 South Hill Street, 3rd Floor
Los Angeles, California 90012
Attention: Director of Real Estate
Fax Number: (213) 217-4971
- (c) Premises: Approximately 10,941 rentable square feet in the Building (defined below) as shown on Exhibit A attached hereto.
- (d) Building: The building located at 2525 Corporate Place, Monterey Park, which

is located upon the real property described more particularly in Exhibit B attached hereto (the "**Property**");

- (e) Term: 10 years commencing as defined in Section 4(a) (the "**Commencement Date**"); and terminating at midnight on the day before the tenth anniversary of the Commencement Date (the "**Termination Date**"), subject to earlier termination by Tenant or Landlord as provided herein. The phrase "Term of this Lease" or "the Term hereof" as used in this Lease, or words of similar import, shall refer to the initial Term of this Lease together with any additional Extension Term for which an option has been validly exercised.
- (f) Projected Commencement Date: January 1, 2008
- (g) Commencement Date: As provided in Section 4 of this Lease
- (h) **Intentionally Omitted**
- (i) Basic Rent: \$20,000 per month (which is based upon a rental rate of \$1.83 per rentable square foot per month (adjustable only as provided in this Lease))
- (j) Early Termination Date: The 72nd, 84th, 96th and 108th month of the Lease term
- (k) Rentable Square Feet in the Premises: 10,941
- (l) Use: General office use or for any other lawful purposes not incompatible with other uses in the Building.
- (m) Initial Departmental Use: General office use for the Sheriff, Fire and Internal Services Departments, and the Office of Public Safety.
- (n) Parking Spaces: 44 parking spaces as defined in Section 20.
- (o) Normal Working Hours: 7:00 a.m. to 6:00 p.m., Monday through Friday and 9:00 a.m. to 1:00 p.m. Saturday, except New Year's Day, President's Day,

Memorial Day, Independence Day, Labor Day, Thanksgiving Day, Christmas Day (on the days such holidays are generally observed) and such other holidays as are generally recognized by the County of Los Angeles, California.

(p) Intentionally Omitted:

1.1 Defined Terms Relating to Landlord's Work Letter.

- | | | |
|-----|---|---|
| (a) | <u>Base Tenant Improvement Allowance:</u> | \$170,000 or \$15.54 per rentable square foot of the Premises |
| (b) | <u>Additional Tenant Improvement Allowance:</u> | \$328,230 or \$30 per rentable square foot of the Premises |
| (c) | <u>Discretionary Tenant Improvement Allowance:</u> | \$109,410 or \$10 per rentable square foot of the Premises |
| (d) | <u>Additional Tenant Improvement Amortization Rate:</u> | 9% per annum |
| (e) | <u>Discretionary Tenant Improvement Reimbursement</u> | In lump-sum as further defined in Landlord's Work Letter |
| (f) | <u>Tenant's Work Letter Representative:</u> | Manuel Martinez or an assigned staff person of the Chief Executive Office, Real Estate Division |
| (g) | <u>Landlord's Work Letter Representative:</u> | Steve Methot and Rita Tejada, or an assigned staff person of the Landlord |
| (h) | <u>Landlord's Address for Work Letter Notice:</u> | East Group Properties
c/o IDS Real Estate Group
515 S. Figueroa St., 16th Floor
Los Angeles, CA 90071 |
| (i) | <u>Tenant's Address for Work Letter Notice:</u> | Board of Supervisors
Kenneth Hahn Hall of Administration,
Room 383
500 West Temple Street
Los Angeles, California 90012 |

With a copy to:

Chief Executive Office
Real Estate Division
222 South Hill Street, 3rd Floor

Los Angeles, California 90012
Attention: Director of Real Estate
Fax Number: (213) 217-4971

1.2 Exhibits to Lease.

Exhibit A - Floor Plan of Premises

Exhibit B - Legal Description of Property

Exhibit C - Commencement Date Memorandum and Confirmation of Lease Terms

Exhibit D - HVAC Standards

Exhibit E - Cleaning and Maintenance Schedule

Landlord's Work Letter: (made a
part hereof by this reference):

Landlord's Work Letter

Supplemental Lease Documents:
(delivered to Landlord and made
a part hereof by this reference):

Document I: Subordination, Non-
disturbance and Attornment Agreement

Document II: Tenant Estoppel Certificate

Document III: Community Business
Enterprises Form

Document IV: Memorandum of Lease

Document V: Request for Notice

2. PREMISES. Landlord does hereby lease to Tenant, and Tenant does hereby lease from Landlord, upon the terms and conditions herein set forth, the Premises described in Section 1 and Exhibit A attached hereto. Tenant has field-measured and verified the exact square footage of the Premises to be 10,941 rentable square feet. All measurements were taken in accordance with the methods of measuring rentable/usable area as described in the Standard Method for Measuring Floor Area in Office Buildings, ANSI Z65.1-1996, as promulgated by the Building Owners and Management Association (BOMA) International. Landlord acknowledges that it has marketed the space at the above indicated amount and in the event of subsequent physical measurements, Landlord agrees there will be no adjustment made to either the square footage or the rent in the event the measured square footage exceeds the amount represented by the Landlord. The square footage set forth above is stipulated by the parties to be true and correct.

3. COMMON AREAS. Tenant may use the following areas ("**Common Areas**") in common with Landlord and other tenants of the Building: the entrances, lobbies and other public areas of the Building, walkways, landscaped areas, driveways necessary for access to the Premises, parking areas and other common facilities designated by Landlord from time to time for common use of all tenants of the Building. Tenant shall comply with all reasonable, non-discriminatory rules and regulations regarding the use of the Common Areas established by Landlord.

4. COMMENCEMENT AND EXPIRATION DATES.

4.1 Term. The term of this Lease shall commence upon the Commencement Date and terminate on the Termination Date. Within 30 days of determining the Commencement Date, Landlord and Tenant shall acknowledge in writing the Commencement Date by executing the Commencement Date Memorandum and Confirmation of Lease Terms attached as Exhibit C.

The Commencement Date shall be the date the Premises are Substantially Complete, or, if earlier, the date Tenant first commences to conduct business in the Premises. The term "**Substantially Complete**" or "**Substantial Completion**" as used in this Lease shall mean the following: the completion of the Tenant Improvements (as defined in the Landlord Work Letter attached hereto), subject to punch list items identified by Tenant in a written notice to Landlord delivered within seven (7) days after Landlord tenders possession of the Premises, such that none of the Tenant Improvements remaining incomplete or needing adjustment shall materially impair, or prevent the obtaining of permits for, Tenant's use, occupancy and enjoyment of the Premises. In the event of any dispute as to whether Substantial Completion has occurred, the sign-off by the municipal building inspector shall be conclusive, except that any delay in receipt thereof or in Substantial Completion caused by Tenant or its agents, employees, representatives or invitees, including without limitation Tenant Delay, or caused by Tenant's uncompleted work being contained within the scope of the same building permit as the Tenant Improvements, shall be charged to Tenant in the amount of the daily Basic Rent (and any other amounts payable under this Lease) multiplied by the number of days of such delays.

4.2 Termination Right. If the Commencement Date has not occurred within 90 days from the Projected Commencement Date, subject to Tenant Delays or Force Majeure Delays as defined in Landlord's Work Letter, which has been executed concurrently herewith, Tenant may thereafter, at any time before the Commencement Date occurs, terminate this Lease effective upon the giving of written notice to Landlord and the parties shall have no further obligations to one another hereunder.

4.3 Early Possession. Provided Tenant does not interfere with Landlord's ability to complete the Tenant Improvements, Tenant shall be entitled to possession of the Premises not less than 30 days prior to the Commencement Date for the purpose of installing Tenant's furniture, fixtures and equipment in the Premises. Such early occupancy shall be subject to all provisions hereof but shall not advance the Termination Date, and Tenant shall not pay Basic Rent for such early occupancy period.

4.4 Early Termination. Tenant shall have the right to terminate this Lease as of the 72nd, 84th, 96th and 108th month of the Lease term, by giving Landlord not less than six months prior written notice executed by the Chief Executive Office of Tenant; provided, however, in order for any such termination to be effective, Tenant shall, concurrently with its delivery of a timely notice of termination to Landlord, pay to Landlord within 60 days of notice of termination, the Termination Fee. The "**Termination Fee**" shall mean all unamortized Leasing Costs (defined below) as of the effective date of termination, based upon an amortization period commencing as of the Commencement Date and continuing for ten years, with interest accruing on said unamortized Leasing Costs at nine percent (9%) per annum. The term "**Leasing Costs**" shall mean the sum of (A) all costs and expenses incurred by Landlord in connection with the Additional Tenant Improvement Allowance, as reasonably determined by Landlord, plus (B) all brokerage commissions paid by Landlord to Tenant's broker/representative in connection with this Lease.

4.5 Option to Extend. Landlord hereby grants the Tenant named in this Lease ("**Original Tenant**") one (1) option (the "**Option**") to extend the Lease Term for a period of five (5) years (the "**Option Term**"), which Option shall be exercisable only by written notice delivered by Tenant to Landlord as set forth below. The rights contained in this subsection shall

be personal to the Original Tenant and may only be exercised by the Original Tenant (and not any assignee, sublessee or other transferee of the Original Tenant's interest in this Lease) if the Original Tenant occupies the entire Premises as of the date of Tenant's Acceptance (as defined below).

(a) Option Rent. The Basic Rent payable by Tenant during the Option Term ("**Option Rent**") shall be equal to ninety-five percent (95%) of the "**Market Rent**" (defined below), but in no event shall the Option Rent be less than Tenant is paying under the Lease on the month immediately preceding the Option Term for Basic Rent. "**Market Rent**" shall mean the applicable Basic Rent at which tenants, as of the commencement of the Option Term, are leasing non-renewal, non-sublease, non-equity space comparable in size, location and quality to the Premises for a term comparable to the Option Term, which comparable space is located in office buildings comparable to the Building in Monterey Park, California, taking into consideration the value of the existing improvements in the Premises to Tenant, as compared to the value of the existing improvements in such comparable space, with such value to be based upon the age, quality and layout of the improvements and the extent to which the same could be utilized by Tenant with consideration given to the fact that the improvements existing in the Premises are specifically suitable to Tenant.

(b) Exercise of Option. The Option shall be exercised by Tenant only in the following manner: (i) Tenant shall not be in default, and shall not have been in default under this Lease more than once, on the delivery date of the Interest Notice and Tenant's Acceptance; (ii) Tenant shall deliver written notice ("**Interest Notice**") to Landlord by CEO letter not more than twelve (12) months nor less than six (6) months prior to the expiration of the Lease Term, stating that Tenant is interested in exercising the Option, (iii) within fifteen (15) business days of Landlord's receipt of Tenant's written notice, Landlord shall deliver notice ("**Option Rent Notice**") to Tenant setting forth the Option Rent; and (iv) if Tenant desires to exercise such Option, Tenant shall provide Landlord written notice by CEO letter within fifteen (15) days after receipt of the Option Rent Notice ("**Tenant's Acceptance**") and upon, and concurrent with such exercise, Tenant may, at its option, object to the Option Rent contained in the Option Rent Notice. Tenant's failure to deliver the Interest Notice or Tenant's Acceptance on or before the dates specified above shall be deemed to constitute Tenant's election not to exercise the Option. If Tenant timely and properly exercises its Option, the Lease Term shall be extended for the Option Term upon all of the terms and conditions set forth in this Lease, except that the Basic Rent for the Option Term shall be as indicated in the Option Rent Notice unless Tenant, concurrently with Tenant's acceptance, objects to the Option Rent contained in the Option Rent Notice, in which case the parties shall follow the procedure, and the Option Rent shall be determined, as set forth below.

4.6 Determination of Market Rent. If Tenant timely objects to the Market Rent in Tenant's Acceptance in accordance with the provisions of this Section 4, Landlord and Tenant shall attempt to agree upon the Market Rent using their best good-faith efforts. If Landlord and Tenant fail to reach agreement within twenty-one (21) days following Tenant's Acceptance ("**Outside Agreement Date**"), then each party shall make a separate determination of the Market Rent which shall be submitted to each other and to arbitration in accordance with the following items (i) through (vii):

(i) Landlord and Tenant shall each appoint, within ten (10) days of the Outside Agreement Date, one arbitrator who shall by profession be a current real estate broker or appraiser of commercial office properties in the immediate vicinity of the Project, and who has been active in such field over the last five (5) years. The determination of the arbitrators shall be limited solely to the issue of whether Landlord's or Tenant's submitted Market Rent is the closest to the actual Market Rent as determined by the arbitrators, taking into account the requirements set forth above.

(ii) The two (2) arbitrators so appointed shall within five (5) business days of the date of the appointment of the last appointed arbitrator agree upon and appoint a third arbitrator who shall be qualified under the same criteria set forth hereinabove for qualification of the initial (2) arbitrators.

(iii) The three (3) arbitrators shall within fifteen (15) days of the appointment of the third arbitrator reach a decision as to whether the parties shall use Landlord's or Tenant's submitted Market Rent, and shall notify Landlord and Tenant thereof.

(iv) The decision of the majority of the three (3) arbitrators shall be binding upon Landlord and Tenant.

(v) If either Landlord or Tenant fails to appoint an arbitrator within ten (10) days after the applicable Outside Agreement Date, the arbitrator appointed by one of them shall reach a decision, notify Landlord and Tenant thereof, and such arbitrator's decision shall be binding upon Landlord and Tenant.

(vi) If the two arbitrators fail to agree upon and appoint a third arbitrator, or both parties fail to appoint an arbitrator, then the appointment of the third arbitrator or any arbitrator shall be dismissed and the matter to be decided shall be forthwith submitted to arbitration under the provisions of the American Arbitration Association, but subject to the instruction set forth herein.

(vii) The cost of arbitration shall be paid by Landlord and Tenant equally.

5. RENT. The first full calendar month's rent shall be due and payable within 30 days of the Commencement Date in the total amount shown in Section 1(i) hereof. A monthly installment in the same amount, subject to the adjustments described herein below, shall be due and payable without demand on or before the first day of each calendar month succeeding the Commencement Date during the Term, except that Rent for any fractional calendar month at the commencement or end of the Term shall be prorated on a daily basis, provided that Landlord shall file a payment voucher with the Auditor of the County of Los Angeles (the "**County**") for the monthly Rent prior to the Commencement Date for the initial month(s) of the Term up to and including June, and annually thereafter in June for the ensuing 12 months.

5.1 CPI. From and after the 1st anniversary of the Commencement Date, on the first day of the first full calendar month thereafter (the "**Adjustment Date**") and on every anniversary of the Adjustment Date thereafter, Base Rent shall be adjusted by applying the CPI Formula set forth below.

5.2 CPI Formula. The "**Index**" means the Consumer Price Index for Urban Wage Earners and Clerical Workers for the Los Angeles-Riverside-Orange County, CA area, all items published by the United States Department of Labor, Bureau of Labor Statistics (1982-84=100). The "**Basic Index**" shall be the Index published for the month the Lease commences. The "**CPI Formula**" means Base Rent multiplied by a fraction, the numerator being the Index published for the month immediately preceding the month the adjustment is to be effective (the "**New Index**"), and the denominator being the Basic Index.

If the Index is changed so that the Index differs from that used as of the Commencement Date of the Lease, the Index shall be converted in accordance with the conversion factor published by the United States Department of Labor, Bureau of Labor Statistics. If the Index is discontinued or revised during the Term of this Lease, such other governmental index or computation with which it is replaced shall be used in order to obtain substantially the same results as would be obtained if the Index had not been discontinued or revised.

5.3 Illustration of CPI Formula. The formula for determining the new rent shall be as follows:

New Index
[Base Index] x \$20,000 (Base Rent)
± Amount needed to amortize Tenant's Additional Tenant Improvements, if any
± Amount needed to amortize change order costs, if any
= New Monthly Rent

5.4 Limitations on CPI Adjustment. In no event shall the monthly Base Rent adjustment based upon the CPI Formula result in an annual increase of more than five percent (5%) of the Base Rent in effect during the previous year. In no event shall the monthly rent be adjusted by the CPI Formula to result in a lower monthly Basic Rent than was payable during the previous year of the Lease.

6. USES. The Premises are to be used only for the uses set forth in Section 1 and for no other business or purpose; however, Landlord shall not unreasonably withhold its consent to a change of use.

7. HOLDOVER. If Tenant remains in possession of the Premises or any part thereof after the expiration of the Term of this Lease, such occupancy shall be a tenancy which is terminable only upon 90 days written notice from Landlord or 30 days written notice from the Chief Executive Officer of Tenant at the last monthly Basic Rent payable under this Lease (as such Basic Rent may be adjusted from time to time in accordance with this Lease) plus all other charges payable under this Lease, and subject to all of the terms, covenants and conditions of this Lease.

8. COMPLIANCE WITH LAW. Tenant shall, at Tenant's expense, comply promptly with all applicable statutes, ordinances, rules, regulations, orders and requirements in effect during the term hereof, including without limitation, the Americans with Disabilities Act, regulating the use, occupancy or improvement of the Premises. Notwithstanding the foregoing, following written notice from a governmental entity, Landlord, not Tenant, shall at its sole cost cause the Premises and the Building to comply with applicable statutes, ordinances, rules, regulations,

orders or requirements set forth in said notice which are in effect and binding upon Landlord during the term hereof, including without limitation, the Americans with Disabilities Act, except to the extent such compliance is made necessary as a result of Tenant's particular use of or alterations or improvement to the Premises. In such latter event, compliance with such statutes, ordinances, rules, regulations or requirements with regard to the Building shall be the responsibility of Tenant at Tenant's sole cost and expense.

9. DAMAGE OR DESTRUCTION.

9.1 Damage. In the event any portion of the Premises is damaged by fire or any other cause rendering the Premises totally or partially inaccessible or unusable and the Premises may be restored to a complete architectural unit of the same value, condition and character that existed immediately prior to such casualty in less than 180 days, then Landlord shall promptly, at Landlord's expense, repair such damage and this Lease shall continue in full force and effect; provided, Landlord shall not be required to spend more than Landlord has received as insurance proceeds with respect to the casualty in question; an amount not less than Landlord's interest in and to the Building, however, not less than \$1,000,000. If all or any portion of the Premises shall be made untenable by fire or other casualty, Landlord shall immediately secure the area to prevent injury to persons and/or vandalism to the improvements. Landlord shall promptly, but in any event within 30 days, cause an architect or general contractor selected by Landlord to provide Landlord and Tenant with a written estimate of the amount of time required to substantially complete the repair and restoration of the Premises and make the Premises tenantable again using standard working methods. The failure to do so shall be a material Default hereunder. Basic Rent shall abate to the extent that the Premises are unusable by Tenant. Tenant waives the provisions of California Civil Code Sections 1932(2) and 1933(4) with respect to any partial or total destruction of the Premises.

9.2 Tenant Termination Right. In the event any portion of the Premises is damaged by fire or any other cause rendering the Premises totally or partially inaccessible or unusable and the Premises will not be restored to a complete architectural unit of the same value, condition and character that existed immediately prior to such casualty in less than 180 days for any reason, then Tenant or Landlord may terminate this Lease by giving written notice within ten days after notice from Landlord specifying such time period of repair; and this Lease shall terminate and the Basic Rent shall be abated from the date the Premises became untenable, in proportion to the unusable portion of the Premises. In the event that Tenant and Landlord do not elect to terminate this Lease, Landlord shall promptly commence and diligently prosecute to completion the repairs to the Building or Premises, provided insurance proceeds are available to repair the damages.

9.3 Damage In Last Year. Notwithstanding the foregoing provisions, if any material destruction to the Premises occurs during the last year of the Term, either Landlord or Tenant may terminate this Lease by giving notice to the other not more than 30 days after such destruction, in which case (a) Landlord shall have no obligation to restore the Premises, (b) Landlord may retain all insurance proceeds relating to such destruction, and (c) this Lease shall terminate as of the date which is 30 days after such written notice of termination.

9.4 Default by Landlord Tenant Repair. If Landlord is required to repair and restore the Premises as provided for in this Section and Landlord should fail to thereafter pursue said

repair and restoration work with reasonable diligence to completion, Tenant may perform or cause to be performed the restoration work and deduct the cost thereof plus interest thereon at ten percent (10%) per annum, from the Basic Rent next due as a charge against the Landlord.

10. REPAIRS AND MAINTENANCE. Landlord represents to Tenant that, to the actual knowledge of Landlord, Landlord has not, as of the date of this Lease, received written notice from a governmental entity with jurisdiction that (i) the Premises do not comply with the Americans with Disabilities Act of 1990; (ii) the Premises, Building and Common Areas contain Hazardous Materials (as hereinafter defined) in violation of applicable law; or (iii) the Building or the Premises are in violation of any applicable governmental law or regulation. Landlord shall, prior to Tenant's occupancy, encapsulate or abate, at Landlord's sole cost and expense, any asbestos containing materials located in the Premises in violation of applicable law, provided Landlord has received written notice of such violation from a governmental entity prior to the Commencement Date hereof.

10.1 Landlord Obligations. Landlord shall keep and maintain in good repair and working order, reasonable wear and tear and casualty excepted: (i) the structural elements of the Building, including without limitation, all permanent exterior and interior walls, floors and ceilings, roof, concealed plumbing, stairways, concealed electrical systems and telephone intrabuilding network cable (ii) mechanical (including HVAC), electrical, plumbing and fire/life safety systems serving the Building (iii) the Common Areas; (iv) exterior windows of the Building; and (v) elevators serving the Building. Landlord, at its sole cost and expense, shall also perform all maintenance and repairs to the Premises, and shall keep the Premises in good condition and repair, reasonable wear and tear and casualty excepted. Landlord's repair obligations include, without limitation, repairs to: (1) the floor covering (if such floor covering is carpeting it shall be replaced as needed but not less often than after five years of use); (2) interior partitions; (3) doors; (4) the interior side of demising walls (which shall be repainted as needed but not less often than every five years and (5) signage; provided, however, that Tenant shall be responsible for all costs and expenses relating to the misuse, overuse, negligence or willful misconduct or non-office use by Tenant or any of its agents, employees, licensees or invitees. Notwithstanding the foregoing, Tenant shall be responsible to maintain and repair, at Tenant's sole cost, any over-standard, supplemental systems and improvements added to the Premises by Tenant, alterations installed by Tenant, equipment or systems installed by Tenant; provided, however, upon the written request of Tenant, Landlord, at Tenant's sole cost, shall maintain and repair any permitted supplemental HVAC units serving the Premises (and Tenant shall grant Landlord access to the Premises, at times reasonably designated by Landlord), in order for Landlord to do so); provided, however, Tenant shall, within thirty (30) days after demand, reimburse Landlord for all costs and expenses incurred by Landlord in connection therewith, plus an administrative fee equal to 5% of such costs and expenses. Without limiting the foregoing, Tenant shall, at Tenant's sole expense, be responsible for the cost of repairing any area damaged by Tenant or Tenant's agents, employees, invitees and visitors and the repair of low voltage electronic, phone and data cabling and related equipment that is installed by or for the exclusive benefit of Tenant. Any work performed by Landlord under this subsection (b) to the Premises shall be in compliance with applicable laws.

10.2 Tenant's Right to Repair. In the event Landlord should fail, neglect or refuse to commence the repair, replacement or maintenance work required by Section 10(b) herein within five (5) days after written notice has been served by Tenant, or fail, neglect or refuse to pursue said repair, replacement or maintenance work with reasonable diligence to completion, the Tenant at its sole discretion may perform or cause to be performed said repair, replacement or maintenance work and deduct the reasonable cost thereof from the installments of rent next due as a charge to the Landlord.

11. SERVICES AND UTILITIES. Landlord shall furnish the following services and utilities to the Premises:

11.1 HVAC. Landlord shall furnish heating, ventilation and air conditioning ("HVAC"), during Normal Working Hours in amounts required for the use and occupancy of the Premises for normal office purposes to a standard comparable to other first-class buildings and not less than the standard set forth in Exhibit D attached hereto. Any HVAC provided during other than Normal Working Hours shall be at \$35 per hour.

11.2 Electricity. Landlord shall furnish to the Premises the amount of electric current provided for in the Working Drawings (if applicable) but in any event not less than seven watts of electric current (connected load) per square foot of Rentable Square Feet in the Premises, for power and lighting and electric current for HVAC, and Landlord shall provide the existing or new transformers or sub-panels on each floor of the Premises necessary for Tenant to utilize such capacity in the Premises.

11.3 Elevators. Landlord shall furnish freight and passenger elevator services to the Premises during Normal Working Hours. During all other hours, Landlord shall furnish passenger elevator cab service in the elevator bank serving the Premises on an as needed basis, and, by prior arrangement with Landlord's building manager, freight elevator service.

11.4 Water. Landlord shall make available water for normal lavatory and potable water meeting all applicable governmental standards for drinking purposes in the Premises.

11.5 Janitorial. Landlord shall provide janitorial service on five nights per week generally consistent with that furnished in comparable office buildings in the County of Los Angeles, but not less than the services set forth in the specifications set forth in Exhibit E attached hereto.

11.6 Access. Landlord shall furnish to Tenant's employees and agent's access to the Building, Premises and Common Areas on a seven day per week, 24 hour per day basis, subject to compliance with such reasonable security measures as shall from time to time be in effect for the Building.

12. LANDLORD ACCESS. Tenant shall permit Landlord and its agents to enter the Premises upon prior written notice for the purpose of inspecting the Premises for any reasonable purpose. If Landlord temporarily closes any portion of the Building or Premises, other than as a result of the acts or omissions of Tenant or its agents, employees, licensees or invitees, Basic Rent shall be prorated based upon the percentage of the Premises or Building rendered untenable and not used by Tenant. Landlord shall have the right at any and all times to enter

the Premises in the event of an emergency or, upon reasonable advance notice, to perform janitorial services or maintenance/repair.

13. TENANT DEFAULT.

13.1 Default. The occurrence of any one or more of the following events (a "Default") shall constitute a material default and breach of this Lease by Tenant:

(i) the failure by Tenant to make any payment of Basic Rent or any other payment required to be made by Tenant hereunder (except to the extent an offset is expressly permitted hereunder), as and when due and if the failure continues for a period of ten days after written notice to Tenant;

(ii) the failure by Tenant to observe or perform any of the other covenants, conditions or provisions of this Lease, where such failure shall continue for a period of 30 days after written notice from Landlord specifying in detail the nature of the default; provided, however, if more than 30 days are reasonably required for its cure then Tenant shall not be deemed to be in default if Tenant commences such cure within said 30-day period and thereafter diligently prosecutes such cure to completion.

13.2 Termination. Tenant agrees that if a Default should occur and should not be cured within the time periods set forth above, it shall be lawful for Landlord to terminate this Lease upon the giving of written notice to Tenant. In addition thereto, Landlord shall have such other rights or remedies as may be provided by law. Without limiting the foregoing, Landlord shall have all rights and remedies set forth in California Civil Code Sections 1951.2 and 1951.4, the terms of which are expressly incorporated herein as if expressly written herein.

13.3 No Effect on Indemnity. Nothing in this Article shall be deemed to affect either Landlord or Tenant's right to indemnification under any indemnification clause or clauses set forth in this Lease.

14. LANDLORD DEFAULT.

(a) Remedies. In addition to the provisions for Landlord's default in Sections 9(d), 10(c) 19 and 20(b), Landlord shall be in default in the performance of any obligation required to be performed by Landlord under this Lease if Landlord has failed to perform such obligation within 15 days after the giving of written notice with respect thereto by Tenant (which notice shall be, if appropriate, the same notice given under Section 10(c)); provided, however, that if the nature of such default is such that the same cannot reasonably be cured within such 15-day period, Landlord shall not be deemed to be in default if Landlord shall within such period commence such cure and thereafter diligently prosecute the same to completion. If the default by Landlord ("Landlord Default") is of such a nature that it materially and substantially interferes with Tenant's occupancy and use of the Premises and if such Landlord Default is not cured within the foregoing cure period, then Tenant shall have the right, at its option, with or without further notice or demand of any kind to Landlord or any other person, to any one or more of the following described remedies in addition to all other rights and remedies provided at law or in equity or elsewhere herein: (i) to remedy such default or breach and deduct the costs thereof (including but not limited to attorneys' fees) plus interest at the rate of ten percent (10%) per annum from the installments of Basic Rent next falling due; (ii) to pursue the remedy of specific

performance; (iii) to seek money damages for loss arising from Landlord's failure to discharge its obligations under this Lease or offset such damages against Basic Rent next coming due; and/or (iv) to terminate this Lease. Any remedy of Tenant for the collection of a judgment (or other judicial process) requiring the payment of money by Landlord to Tenant in the event of any default by Landlord hereunder or any claim, cause of action, obligation, contractual statutory or otherwise by Tenant against Landlord or the Landlord Parties concerning, arising out of or relating to any matter relating to this Lease and all of the covenants and conditions or any obligations, contractual, statutory, or otherwise set forth herein, shall be limited solely and exclusively to an amount which is equal to the greater of the interest of Landlord in and to the Building (including Landlord's interest in any proceeds of insurance policies), or **\$10,000,000, however this limitation shall not apply to the insurance required by Section 19 of this Lease or the indemnification required by Section 18.** No personal property or assets of any member, officer, director, shareholder, partner, trustee, agent, servant or employee of Landlord ("Representative") shall be subject to levy, execution or other enforcement procedure for the satisfaction of Tenant's remedies under or with respect to this Lease, Landlord's obligations to Tenant, whether contractual, statutory or otherwise, the relationship of Landlord and Tenant hereunder, or Tenant's use or occupancy of the Premises. Notwithstanding any contrary provision herein, neither Landlord nor any Landlord Representative shall be liable under any circumstances for consequential damages to Tenant's business.

14.1 Waiver. Nothing herein contained shall relieve Landlord from its duty to effect the repair, replacement, correction or maintenance required to restore any affected services, or to perform any other obligations to the standard prescribed in this Lease, nor shall this Section be construed to obligate Tenant to undertake any such work.

15. ASSIGNMENT AND SUBLETTING. Tenant may assign, mortgage, encumber or otherwise transfer this Lease or sublet the whole or any part of the Premises only upon first obtaining Landlord's prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed: provided, however, no such assignment, subletting or other transfer shall relieve Tenant of any liability under this Lease unless Landlord has given its written consent thereto, which Landlord shall not unreasonably withhold if the assignee has a financial condition which is reasonably sufficient for it to be responsible for all future obligations under this Lease.

16. ALTERATIONS AND ADDITIONS.

16.1 Landlord Consent. Tenant shall not make any alterations, improvements, additions, or utility installations in or about the Premises (collectively, "Alterations") without first obtaining the written consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed. However, Landlord's consent shall not be required for any Alteration that satisfies all of the following criteria (provided that Tenant shall give Landlord at least 10 days' prior written notice thereof): (1) complies with all Laws; (2) is not visible from the exterior of the Premises or Building; (3) will not materially affect the systems or structure of the Building; (4) does not cost more than \$5,000; and (5) does not unreasonably interfere with the normal and customary business operations of Landlord or other tenants in the Building. If Landlord fails to respond in writing within 30 days of such request (together with all plans and specifications and other items required by Landlord, Landlord shall be deemed to approve the Alterations

16.2 End of Term. Any Alterations not removed by Tenant shall become the property of Landlord and remain upon and be surrendered with the Premises at the expiration of the Term.

17. CONDEMNATION.

17.1 Controlling Terms. If during the Term, or during the period of time between the execution of this Lease and the Commencement Date, there is any taking of all or any part of the Premises or any interest in this Lease by Condemnation (as defined below), this Section shall determine the rights and obligations of Tenant and Landlord. "**Condemnation**" shall mean the exercise of any governmental power to take title to any portion of the Premises, whether by legal proceedings or otherwise, by a Condemnor (as defined below) or a voluntary sale or transfer by Landlord to any Condemnor, either under threat of a Condemnor's exercise of such power or while legal proceedings are pending for the exercise of such power. "**Condemnor**" shall mean any public or quasi-public authority, or private corporation or individual, having the power of Condemnation.

17.2 Total Taking. If the Premises are totally taken by Condemnation, this Lease shall terminate on the date the Condemnor has a right to possession of the Premises (the "**Date of Taking**").

17.3 Partial Taking. If any portion, but not all, of the Premises is taken by Condemnation, this Lease shall remain in effect, except that Tenant may elect to terminate this Lease if, in Tenant's reasonable judgment, the remaining portion of the Premises (including the space available for parking) is rendered unsuitable for Tenant's continued use of the Premises. If Tenant elects to so terminate this Lease, Tenant must exercise its right to terminate by giving notice to Landlord within 30 days after the date that the nature and the extent of the Condemnation have been determined (the "**Determination Date**"), which notice shall set forth the date of termination. Such termination date shall not be earlier than 30 days nor later than 90 days after Tenant has notified Landlord of its election to terminate; except that this Lease shall terminate on the Date of Taking if the Date of Taking falls on a date before the date of termination as designated by Tenant. If Tenant does not so notify Landlord within 30 days after the Determination Date, all obligations of Tenant under this Lease shall remain in effect, except that Basic Rent shall be equitably abated.

17.4 Restoration. Notwithstanding the preceding paragraph, if, within 30 days after the Determination Date, Landlord notifies Tenant that Landlord at its cost will add to the remaining Premises so that the area of the Premises and the space available for parking, will be substantially the same after the Date of Taking as they were before the Date of Taking, and Landlord commences the restoration promptly and, subject to reasonable allowance for delays that are not caused by Landlord, completes it within 90 days after Landlord so notifies Tenant, this Lease shall continue in effect. All obligations of Tenant under this Lease shall remain in effect, except that Basic Rent shall be equitably abated or reduced during the period from the Date of Taking until the completion of such restoration.

17.5 Award. The Award (as defined below) shall be divided between Landlord and Tenant as their respective interests may appear. "**Award**" shall mean all compensation, sums or anything of value awarded, paid or received on a total or partial Condemnation of the Premises.

17.6 Waiver of Statute. Landlord and Tenant hereby waive the provision of California Code of Civil Procedure Section 1265.130 allowing Landlord or Tenant to petition the superior court to terminate this Lease in the event of a partial taking of the Premises.

18. INDEMNIFICATION.

18.1 Tenant's Indemnity. Tenant shall indemnify, defend and hold Landlord harmless from and against all loss, cost and expense, including attorneys' fees, arising from any injury or damage to any person or property, occurring in or about the Building or Premises as a result of any negligent act, omission or willful misconduct of Tenant or its employees, or arising from any breach or default under this Lease by Tenant. The foregoing provisions shall not be construed to make Tenant responsible for loss, damage, liability or expense resulting from injuries to third parties caused by the negligence or willful misconduct of Landlord, or its officers, contractors, licensees, agents, employees or invitees.

18.2 Landlord's Indemnity. Landlord shall indemnify, defend and hold Tenant harmless from and against all loss, cost and expense, including attorneys' fees, arising from any injury or damage to any person or property, occurring in or about the Building or Premises as a result of any negligence or willful misconduct of Landlord, or its officers, contractors, licensees, agents, employees, guests, or visitors, or arising from any breach or default under this Lease by Landlord. The foregoing provisions shall not be construed to make Landlord responsible for loss, damage, liability or expense resulting from injuries to third parties caused by the negligence or willful misconduct of Tenant, or its officers, contractors, licensees, agents, employees or invitees.

19. INSURANCE.

19.1 Landlord's Insurance. During the term of this Lease, Landlord shall maintain the following insurance:

(a) Commercial property insurance which shall (1) cover damage to Landlord's property, including improvements and betterments, from perils covered by the causes-of-loss special form (ISO form CP 10 30), and include ordinance or law coverage (and coverage against acts of terrorism to the extent such coverage is reasonably available and priced at commercially reasonable rates) and (2) be written for full replacement cost of the Property, with a deductible of no greater than 5% of the property value.

(b) General liability insurance (written on ISO policy form CG 00 01 or its equivalent) with limits of not less than the following: (1) per occurrence and general aggregate amount of \$5,000,000; (2) products/completed operations aggregate of \$2,000,000 and (3) personal and advertising injury of \$1,000,000.

19.2 Insurance Requirements. All insurance policies required to be maintained by Landlord under this Lease shall be issued by insurance companies which have a Best's Rating of "A VII" or better and which are qualified to do business in the State of California. All liability and property damage and other casualty policies of Tenant shall be written as primary policies, not contributing with, and not in excess of coverage which Landlord may carry.

19.3 Certificates. Landlord shall deliver to Tenant on the Commencement Date of this Lease and thereafter at least 15 days prior to expiration of any insurance required to be carried hereunder, certificates of insurance evidencing this coverage with limits not less than those specified above. Certificates must document that each party has named the other as an additional insured (or its equivalent) on its general liability and property insurance policy, and that Tenant has been named a loss payee on Landlord's commercial property insurance policy, as required. Further, all certificates shall expressly provide that no less than 30 days' prior written notice shall be given to Tenant in the event of material change to, expiration or cancellation of the coverages or policies evidenced by the certificates.

19.4 General Insurance - Lessee Requirements. During the term of this Lease, Lessee shall maintain a program of insurance coverage as described below. Lessee, at its sole option, shall use commercial insurance and/or self-insurance coverage or any combination thereof to satisfy these requirements. Certificate(s) evidencing coverage will be provided to Lessor after execution of this Lease at Lessor's request.

19.5 Insurance Coverage Types and Limits - Lessee Requirements. General Liability coverage (equivalent to ISO policy form CG 00 01) with limits of not less than the following:

General Aggregate:	\$ 2 million
Products/Completed Operations Aggregate:	\$ 1 million
Personal and Advertising Injury:	\$ 1 million
Each Occurrence:	\$ 1 million

19.6 Waiver of Subrogation. Landlord and Tenant each hereby waive their rights of subrogation against one another to the extent it is covered by the property insurance policies required to be carried hereunder. Landlord shall cause its insurance carriers to consent to the foregoing waiver of rights of subrogation against Tenant.

20. PARKING.

20.1 Tenant's Rights. Tenant shall have the right to the number of non-exclusive parking stalls set forth in Section 1 without charge for the Term of this Lease. No tandem parking shall be permitted and Tenant shall be entitled to full in/out privileges. Tenant's parking rights shall be subject to reasonable parking rules and regulations adopted by Landlord from time to time, provided that such procedures shall be uniformly applied to all tenants. Tenant acknowledges that all parking spaces are not for the exclusive use of Tenant, rather, all such parking spaces allocated to Tenant hereunder are to be used on a non-exclusive, first-come, first-served basis by Tenant and other tenants, occupants, licensees, invitees and permittees of the Building.

20.2 Remedies. Landlord acknowledges that it is a material term of this Lease that Tenant receive all of the Parking Spaces to which it is entitled under this Lease for the entire Term of this Lease and that it would be impracticable and extremely difficult to fix the actual damages for a breach of such provisions. It is therefore agreed that if, for any reason whatsoever, a material number of the Parking Spaces required above are not available to Tenant after ten (10) business days' prior written notice (in addition to the rights given to Tenant under Section 14 and Sections 9 and 17 in the event of casualty or condemnation), then, provided any

such failure is not due to Tenant's negligence, willful misconduct or breach of this Lease, or causes beyond Landlord's reasonable control, Tenant may terminate this Lease by giving written notice of such termination to Landlord prior to the cure of the unavailability in question, which notice shall be effective thirty (30) days thereafter.

21. ENVIRONMENTAL MATTERS

21.1 Hazardous Materials. Tenant shall not cause nor permit, nor allow any of Tenant's employees, agents, customers, visitors, invitees, licensees, contractors, assignees or subtenants to cause or permit, any Hazardous Materials to be brought upon, stored, manufactured, generated, blended, handled, recycled, treated, disposed or used on, under or about the Premises, the Building or the Common Areas, except for routine office and janitorial supplies in usual and customary quantities stored, used and disposed of in accordance with all applicable Environmental Laws. As used herein, "Hazardous Materials" means any chemical, substance, material, controlled substance, object, condition, waste, living organism or combination thereof, whether solid, semi solid, liquid or gaseous, which is or may be hazardous to human health or safety or to the environment due to its radioactivity, ignitability, corrosivity, reactivity, explosivity, toxicity, carcinogenicity, mutagenicity, phytotoxicity, infectiousness or other harmful or potentially harmful properties or effects, including, without limitation, molds, toxic levels of bacteria, tobacco smoke within the Premises, petroleum and petroleum products, asbestos, radon, polychlorinated biphenyls (PCBs), refrigerants (including those substances defined in the Environmental Protection Agency's "Refrigerant Recycling Rule," as amended from time to time) and all of those chemicals, substances, materials, controlled substances, objects, conditions, wastes, living organisms or combinations thereof which are now or become in the future listed, defined or regulated in any manner by any Environmental Law based upon, directly or indirectly, such properties or effects. As used herein, "Environmental Laws" means any and all federal, state or local environmental, health and/or safety-related laws, regulations, standards, decisions of courts, ordinances, rules, codes, orders, decrees, directives, guidelines, permits or permit conditions, currently existing and as amended, enacted, issued or adopted in the future which are or become applicable to Tenant, the Premises, the Building or the Common Areas.

21.2 Landlord agrees to indemnify, defend and save harmless Tenant, its agents, officers and employees from or against all liability, expenses (including defense costs, legal fees, and response costs imposed by law) and claims for damages of any nature whatsoever which arise out of the presence of Hazardous Substances on the Premises which was caused by the negligence, willful misconduct or breach of this Lease by Landlord.

21.3 Landlord shall use commercially reasonable efforts to deliver to Tenant, within 60 days of Landlord's receipt thereof, a copy of any notice received from any governmental agency during the Term hereof concerning the presence of Hazardous Materials in the Building or on the Premises.

22. ESTOPPEL CERTIFICATES. Tenant shall, within 30 days after written request of Landlord, execute, acknowledge and deliver to Landlord or its designee a written statement in the form of Document II in the Supplemental Lease Documents delivered to Landlord concurrently herewith (properly completed) but shall have no other obligation to deliver any other form of estoppel certificate. It is intended that any such statement delivered pursuant to

this Section may be relied upon by a prospective purchaser of Landlord's interest or holder of any mortgage upon Landlord's interest in the Premises. Failure of Tenant to timely comply with the provisions of this Section 22 shall constitute an admission by Tenant that Landlord's delivered statement is true and binding on Tenant.

23. TENANT IMPROVEMENTS. Prior to the Commencement Date, Landlord shall construct the Tenant Improvements in the manner set forth in the Landlord's Work Letter executed by Landlord and Tenant concurrently herewith.

24. LIENS. Tenant shall keep its interest in this Lease and the Premises free from any liens arising out of any work performed or materials ordered or obligations incurred by Tenant. Landlord shall keep its interest in this Lease and the Premises free from any liens which would impair the interest of Tenant hereunder and hereby indemnifies and holds Tenant harmless from any liability or loss from any such lien.

25. SUBORDINATION AND MORTGAGES.

25.1 Subordination and Non-Disturbance. Tenant agrees, at Landlord's option, to subordinate this Lease to the lien of any mortgages or deeds of trust now or hereafter in force against the Building; provided, however, Tenant's obligation to subordinate this Lease to future liens is expressly conditioned upon Tenant receiving a written commercially reasonable subordination, non-disturbance and attornment agreement ("SNDA") in the form of Document I in the Supplemental Lease Documents delivered to Landlord concurrently herewith and provided further that no such subordination shall affect any option to extend the Term of this Lease, right of first offer to lease additional premises, option to purchase or right of first offer to purchase the Property which may be included herein, so long as Tenant is not in material default under this Lease. Landlord shall use commercially reasonable efforts to have any existing lender execute, within thirty (30) days after the Commencement Date, the SNDA referenced herein in favor of Tenant.

25.2 Notice of Default. If any mortgagee or beneficiary under a deed of trust affecting the Property gives written notice of its name and address to Tenant by registered mail requesting any such notice with reference to this Section, Tenant agrees to use its best efforts (but without liability for failure to do so) to give such mortgagee a copy of any notice of Default served upon Landlord hereunder which could permit Tenant to terminate this Lease and an additional ten days within which to cure such Default.

26. SURRENDER OF POSSESSION. Subject to casualty, at the expiration of the Term of this Lease, whether by lapse of time or otherwise, Tenant shall promptly and peacefully surrender the Premises to Landlord in a "broom-clean" condition. Tenant may (but shall not be required to) remove, at its own expense, all fixtures, equipment and all other personal property placed or installed in or upon the Premises by Tenant, or under its authority (including any modular furniture).

27. SIGNAGE. Subject to the prior written consent of Landlord (which consent shall not be unreasonably withheld, conditioned or delayed), Tenant shall be permitted to install at the Premises, at Tenant's sole cost reasonably appropriate suite identification signs that conform with any and all applicable laws and ordinances and Landlord's sign program.

28. QUIET ENJOYMENT. So long as Tenant is not in default hereunder, Tenant shall have the right to the quiet and peaceful enjoyment and possession of the Premises and the non-exclusive quiet and peaceful enjoyment of the Common Areas during the Term of this Lease, subject to the terms and conditions of this Lease.

29. GENERAL.

29.1 Headings. Titles to Sections of this Lease are not a part of this Lease and shall have no effect upon the construction or interpretation of any part hereof.

29.2 Successors and Assigns. Subject to Section 15 above, all of the covenants, agreements, terms and conditions contained in this Lease shall inure to and be binding upon the Landlord and Tenant and their respective successors and assigns.

29.3 Brokers. Landlord and Tenant each represent and warrant to each other that it has not engaged any broker, finder or other person who would be entitled to any commission or fees in respect of the negotiation, execution or delivery of this Lease other than as set forth in this Lease and shall indemnify and hold harmless each other against any loss, cost, liability or expense incurred by the other party as a result of any claim asserted by any such broker, finder or other person on the basis of any arrangements or agreements made or alleged to have been made in variance with this representation. Tenant shall receive from Landlord or Landlord's broker, within ten days after the Commencement Date, an amount equal to 50% of all commissions due to Landlord's broker as a result of the execution of this Lease estimated to be \$45,000.00.

29.4 Entire Agreement. This Lease (and the Landlord's Work Letter and Supplemental Lease Documents) is the final and complete expression of Landlord and Tenant relating in any manner to the leasing, use and occupancy of the Premises, to Tenant's use of the Building and other matters set forth in this Lease. No prior agreements or understanding pertaining to the same shall be valid or of any force or effect and the covenants and agreements of this Lease shall not be altered, modified or added to except in writing signed by both Landlord and Tenant.

29.5 Severability. Any provision of this Lease which shall prove to be invalid, void or illegal shall in no way affect, impair or invalidate any other provision hereof and the remaining provisions hereof shall nevertheless remain in full force and effect.

29.6 Notices. All notices and communications to any party hereunder shall be in writing and shall be deemed properly given if delivered personally, sent by registered or certified mail, postage prepaid, or by a recognized overnight commercial messenger providing proof of delivery, or by facsimile (electronically confirmed) to Landlord's Address for Notice and Tenant's Address for Notice as set forth in Section 1. Any notice so given shall be deemed to have been given as of the date of delivery (whether accepted or refused) established by U.S. Post Office return receipt or the overnight carrier's proof of delivery, as the case may be. Any such notice not so given shall be deemed given upon receipt of the same by the party to whom the same is to be given.

29.7 Governing Law and Forum. This Lease shall be governed by and construed in accordance with the internal laws of the State of California. Any litigation with respect to this Lease shall be conducted in the County of Los Angeles, State of California.

29.8 Waivers. No waiver by Landlord or Tenant of any provision hereof shall be deemed a waiver of any other provision hereof or of any subsequent breach by Landlord or Tenant of the same or any other provision. Landlord's or Tenant's consent to or approval of any act shall not be deemed to render unnecessary the obtaining of Landlord's or Tenant's consent to or approval of any subsequent act by Landlord or Tenant.

29.9 Time of Essence. Time is of the essence for the performance of all of the obligations specified hereunder.

29.10 Consent. Whenever any consent is required by Landlord or Tenant hereunder, such consent shall not be unreasonably withheld, conditioned or delayed and, unless otherwise specifically provided herein, shall be deemed granted if not refused within ten days after written request is made therefore, together with all necessary information.

29.11 Community Business Enterprises. Landlord shall complete and deliver to Tenant concurrently with the execution hereof a Community Business Enterprises form set forth as Document IV in the Supplemental Lease Documents delivered to Landlord concurrently herewith.

29.12 Memorandum of Lease. This Lease shall not be recorded but the parties shall execute and acknowledge before a notary public, the Memorandum of Lease in the form of Document IV in the Supplemental Lease Documents delivered to Landlord concurrently herewith. The Memorandum of Lease shall be recorded with the County Recorder at Tenant's expense.

Tenant shall, within thirty (30) days of Lease termination or expiration, upon Landlord's request, execute and deliver to Landlord a quitclaim deed to the Premises, in recordable form, designating Landlord as Transferee. The quitclaim deed may be executed by the Chief Executive Officer of the County of Los Angeles or his designee.

30. AUTHORITY. Only the Board of Supervisors has the authority, by formally approving and/or executing this Lease, to bind the County to the terms included herein. Each individual executing this Lease on behalf of Tenant represents and warrants that he or she is duly authorized to execute and deliver this Lease on behalf of Tenant, and that this Lease is binding upon Tenant in accordance with its terms. Landlord understands that no material terms of this Lease may be altered or deleted, nor may any new material terms be added to this Lease, without the express written approval of the Board of Supervisors, either through an amendment to the Lease or by other formal board action. No County officer, employee, agent or independent contractor has any authority to alter, add or delete the material terms of this Lease and Landlord may not rely upon any representations to the contrary. This limitation of authority applies to all material terms of the Lease including, without limitation, any monetary ceiling established for Tenant Improvements or other project costs of Landlord which are subject to reimbursement by County. County shall not reimburse Landlord for any expenses which exceed this ceiling. Notwithstanding the foregoing, the Chief Executive Officer of the County or its designee (the "Chief Executive Officer") may take any administrative act on behalf of Tenant hereunder which does not have the effect of increasing Basic Rent or other financial obligations of Tenant under this Lease, including without limitation, granting any approvals, terminating this Lease in the manner provided herein by an Early Termination Notice or otherwise, signing estoppel

certificates, signing the Commencement Date Memorandum and Confirmation of Lease Terms or subordinating this Lease. Each individual executing this Lease on behalf of Landlord represents and warrants that he or she is duly authorized to execute and deliver this Lease on behalf of Landlord, and that this Lease is binding upon Landlord in accordance with its terms.

31. ACKNOWLEDGEMENT BY LANDLORD. Landlord acknowledges that it is aware of the following provisions:

31.1 Should Landlord require additional or replacement personnel after the effective date of this Lease, Landlord shall give consideration for any such employment, openings to participants in the County's Department of Public Social Services' Greater Avenues for Independence (GAIN) Program who meet Landlord's minimum qualifications for the open position. Tenant will refer GAIN participants by job category to the Landlord.

31.2 It is improper for any County Officer, employee or agent to solicit consideration, in any form, from a Landlord with the implication, suggestion or statement that the Landlord's provision of the consideration may secure more favorable treatment for the Landlord in the award of the lease or that the Landlord's failure to provide such consideration may negatively affect the County's consideration of the Landlord's submission. A Landlord shall not offer or give, either; directly or through an intermediary, consideration, in any form, to a County officer, employee or agent for the purpose of securing favorable treatment with respect to the award of the lease. Landlord shall immediately report any attempt by a County office, employee or agent to solicit such improper consideration. The report shall be made either to the County manager charged with the supervision of the employee or to the County Auditor-Controller's Employee Fraud Hotline at (213) 9740914 or (800) 544-6861. Failure to report such solicitation may result in the Landlord's submission being eliminated from consideration.

31.3 Landlord Assignment.

(a) Landlord may assign, transfer, mortgage, hypothecate or encumber Landlord's right, title and interest in and to this Lease or any portion thereof (including the right to receive rental payments but excluding its duties and obligations hereunder), and Landlord may execute any and all instruments providing for the payment of Base Rent directly to an assignee or transferee, but only if the conditions set forth in this Section are met.

(b) Any document or agreement purporting to assign, transfer, mortgage, hypothecate or encumber Landlord's right, title and interest in and to this Lease or any portion thereof, is hereinafter referred to as a "Security Agreement." Any Security Agreement which is executed without full compliance with the requirements of this Section shall be void.

(c) Each assignee or transferee under the Security Agreement shall certify and agree in writing that such assignee or transferee has read and is familiar with the requirements of Sections 5950-5955 of the California Government Code, which prohibits the offer or sale of any security constituting a fractional interest in this Lease or any portion thereof, without the prior written consent of the County. Notwithstanding the foregoing, Tenant hereby acknowledges and agrees that Landlord shall have the right to encumber the Property with CMBS (collateralized mortgage backed securities) financing or other traditional real estate financing other than bond and/or certificate of participation financing.

(d) Violation by Landlord of the provisions of Section 5951 of the California Government Code will constitute a material breach of this Lease, upon which the County may impose damages in an amount equal to the greater of (a) \$500,000 or (b) 10% of the aggregate principal portion of all rental payments payable by the County during the entire Term of this Lease, it being expressly agreed that the aforesaid amount shall be imposed as liquidated damages, and not as a forfeiture or penalty. It is further specifically agreed that the aforesaid amount is presumed to be the amount of damages sustained by reason of any such violation, because from the circumstances and nature of the violation it would be impracticable and extremely difficult to fix actual damages. In addition, the County may exercise or pursue any other right or remedy it may have under this Lease or applicable law.

(e) Landlord shall give the County notice and a copy of each Security Agreement and any other instrument relating thereto (including, but not limited to, instruments providing for the payment of Base Rent directly to an assignee or transferee) at least two weeks prior to the effective date thereof.

(f) Landlord shall not furnish any information concerning County or the subject matter of this Lease (including, but not limited to, offering memoranda, financial statements, economic and demographic information, and legal opinions rendered by the office of counsel for the County) to any person or entity, except (i) with County's prior written consent, which shall not be unreasonably withheld, (ii) to the extent (A) disclosure is required by law, (B) Landlord learns of such information from a third party on a non-confidential basis, (C) such information is available in the public domain, (iii) to Landlord's attorneys, accountants and business advisors and consultants, and (iv) to Landlord's lenders and to prospective purchasers of the Building. Landlord shall indemnify, defend and hold County and its officers, agents and employees harmless from and against all claims and liability alleged to arise from the inaccuracy or incompleteness of any information furnished by Landlord in violation of this Section.

(g) The provisions of this Section shall be binding upon and applicable to the parties hereto and their respective successors and assigns. Whenever in this Section Landlord is referred to, such reference shall be deemed to include Landlord's successors or assigns, and all covenants and agreements by or on behalf of Landlord herein shall bind and apply to Landlord's successors and assigns whether so expressed or not.

(h) The parties hereto acknowledge that Landlord and any successor lessor shall have the right, at any time and from time to time, to encumber the Building with a first lien mortgage or sell the Building or any part thereof (provided such sale does not violate Government Code 5950-5955), without the prior approval of Tenant, provided that Lessor (or any successor) complies with the notice provisions set forth herein. Upon the sale or any other conveyance of the Building or any portion thereof which includes the Premises, this Lease shall continue with the new owner being the lessor, subject to the requirements of this Lease, including without limitation Section 25 hereof.

32. **FORCE MAJEURE.** Except with respect to monetary obligations, in the event that either party is delayed or hindered from the performance of any act required hereunder by reason of strikes, lock-outs, labor troubles, inability to procure materials not related to the price thereof, failure of power, restrictive governmental laws and regulations, riots, insurrection, war or other

reasons of a like nature beyond the control of such party, then performance of such acts shall be excused for the period of the delay, and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay.

IN WITNESS WHEREOF this Lease has been executed the day and year first above set forth.

LANDLORD:

EASTGROUP PROPERTIES, LP, a Delaware
limited partnership

By: EastGroup Properties General Partners, Inc.,
a Delaware corporation, its general partner

By: 

Name: John E. Travis

Its: Vice President

By: 

Name: Michael P. Sacco, III

Its: Vice President

TENANT:

COUNTY OF LOS ANGELES

a body politic and corporate

By: _____

Name: _____

Chairman, Board of Supervisors

ATTEST:

Sachi A. Hamai

Executive Officer

Board of Supervisors

By: _____

Deputy

APPROVED AS TO FORM:

Raymond G. Fortner, Jr.

County Counsel

By: 

Deputy: Amy M. Caves

Deputy County Counsel

EXHIBIT "A"
FLOOR PLAN OF PREMISES

EXHIBIT "B"
LEGAL DESCRIPTION OF PROPERTY

DESCRIPTION:

PARCEL 2 IN THE CITY OF MONTEREY PARK, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS SHOWN ON PARCEL MAP NO, 16386, FILED IN BOOK 175 PAGES 36 TO 40 INCLUSIVE IN THE OFFICE OF SAID COUNTY RECORDER.

EXCEPTING FROM THAT PORTION OF SAID PARCEL 2 LYING WITHIN THAT PORTION OF THE NORTHWEST QUARTER OF SECTION 32, TOWNSHIP 1 SOUTH, RANGE 12 WEST, SAN BERNARDINO MERIDIAN, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT IN THE NORTHERLY LINE OF SAID SECTION 32, SAID POINT BEING 466.52 FEET EASTERLY OF THE NORTHWEST CORNER OF SAID SECTION 32; THENCE SOUTHERLY ALONG A LINE PARALLEL WITH THE WESTERLY LINE OF SAID SECTION 32, 500 FEET TO A POINT THENCE EASTERLY ALONG A LINE PARALLEL WITH THE NORTHERLY LINE OF SAID SECTION 32, TO ITS INTERSECTION WITH THE EASTERLY LINE OF THE NORTHWEST QUARTER OF THE NORTHWEST QUARTER OF SAID SECTION 32; THENCE NORTHERLY ALONG SAID EASTERLY LINE OF THE NORTHWEST QUARTER OF THE NORTHWEST QUARTER OF SAID SECTION 32, 500 FEET TO THE NORTHERLY LINE OF SAID SECTION; THENCE WESTERLY ALONG THE NORTHERLY LINE OF SAID SECTION TO THE POINT OF BEGINNING ALL OIL, ASPHALTUM, PETROLEUM, AND NATURAL GAS, TAR OR OTHER HYDROCARBON SUBSTANCES AND PRODUCTS, FROM UNDER OR UPON THE SAID LANDS, WITH THE RIGHT TO REMOVE AND STORE AND SELL SUCH SUBSTANCES AND PRODUCTS THEREFROM, TOGETHER WITH ALL RIGHTS FOR THE PURPOSE OF MINING, EXCAVATING, BORING, DRILLING, SINKING OR OTHERWISE COLLECTING AND DEVELOPING SAID MINERAL SUBSTANCES AND THE RIGHT TO DEVELOP, STORE AND USE WATER FOR SUCH OPERATIONS AND DEVELOPMENT, AS RESERVED IN DEED FROM HUNTINGTON LAND AND IMPROVEMENT COMPANY, A CALIFORNIA CORPORATION, RECORDED OCTOBER 25, 1918 IN BOOK 6707 PAGE 300 OF DEEDS.

ALL OF WHICH RIGHTS WERE LIMITED TO THAT PORTION LYING BELOW A DEPTH OF 500 FEET, MEASURED FROM THE SURFACE OF SAID LAND, BY DEED EXECUTED BY SECURITY PACIFIC NATIONAL BANK, A NATIONAL BANKING ASSOCIATION, SUCCESSOR BY MERGER TO SECURITY FIRST NATIONAL BANK OF LOS ANGELES, AS TRUSTEE UNDER THE WILL OF HENRY E. HUNTINGTON, DECEASED, (TRUST NO. 2-018442-0), RECORDED DECEMBER 17, 1980 AS INSTRUMENT NO. 80-1264035, OFFICIAL RECORDS.

ALSO EXCEPT FROM THAT PORTION OF PARCEL 2 LYING WITHIN THE LAND DESCRIBED IN THE DEED MENTIONED HEREFTER, ALL OIL, GAS, MINERALS AND OTHER HYDROCARBON SUBSTANCES LYING IN AND UNDER SAID LAND BELOW A DEPTH OF 500 FEET FROM THE SURFACE THEREOF, WITHOUT THE RIGHT OF SURFACE ENTRY, AS RESERVED BY JOAN D. COGEM, AS TRUSTEE, UNDER DECLARATION OF TRUST, DATED JULY 21, 1953 ESTABLISHED BY NATHAN DAVIDSON, TRUSTOR, IN DEED RECORDED ON MAY 8, 1981 AS INSTRUMENT NO. 81-461705, OFFICIAL RECORDS.

EXHIBIT "C"

COMMENCEMENT DATE MEMORANDUM AND CONFIRMATION OF LEASE TERMS

Reference is made to that certain lease ("Lease") dated _____, 2007, between County of Los Angeles, a body politic and corporate ("Tenant"), and East Group Properties, LP, a Delaware limited partnership ("Landlord"), whereby Landlord leased to Tenant and Tenant leased from Landlord certain premises in the building located at 2525 Corporate Place, Suite 200, Monterey Park ("Premises"),

Landlord and Tenant hereby acknowledge as follows:

- (1) Landlord delivered possession of the Premises to Tenant in a Substantially Complete condition on _____ ("Possession Date");
- (2) Tenant has accepted possession of the Premises and now occupies the same;
- (3) The Lease commenced on _____ ("Commencement Date");
- (4) The Premises contain 10,941 rentable square feet of space; and
- (5) Basic Rent per month is \$20,000.

IN WITNESS WHEREOF, this Memorandum is executed this ____ day of _____, 2007.

"Tenant"
COUNTY OF LOS ANGELES,
a body politic and corporate

"Landlord"
East Group Properties, LP,
a Delaware limited partnership

By: _____
Name: _____
Its: _____

By: _____
Name: _____
Its: _____

EXHIBIT "D"

HVAC STANDARDS

Landlord shall supply cooling, ventilating and heating with capacity to produce the following results effective during Normal Working Hours established by the Lease and within tolerances normal in comparable office buildings; maintenance of inside space conditions of not greater than 78 degrees Fahrenheit when the outside air temperature is not more than 93 degrees Fahrenheit dry bulb and 70 degrees Fahrenheit wet bulb, and not less than 70 degrees Fahrenheit when the outside air temperature is not lower than 42 degrees Fahrenheit dry bulb. Interior space is designated at a rate of one zone for approximately each 1,000 square feet and one diffuser for each 200 square feet of usable square footage within the Premises. If energy requirements prohibit Landlord from complying with these requirements, Tenant shall not unreasonably withhold its consent to temporary waivers or modifications.

EXHIBIT "E"
CLEANING AND MAINTENANCE

1. DAILY (Monday through Friday)
 - A. Carpets vacuumed.
 - B. Composition floors dust-mopped.
 - C. Desks, desk accessories and office furniture dusted. Papers and folders left on desk not to be moved.
 - D. Waste baskets, other trash receptacles emptied; removing trash from the building to the designated area.
 - E. Chairs and waste baskets returned to proper position.
 - F. Fingerprints removed from glass doors and partitions.
 - G. Drinking fountains cleaned, sanitized and polished.
 - H. Lavatories, toilets and toilet rooms cleaned and mopped. Toilet supplies replenished.
 - I. Bulb and tube replacements, as required.
 - J. Graffiti expunged as needed within seven (7) working days after notice by Tenant.
 - K. Kitchen/Lunchroom supplies replenished including paper supplies and soap.
2. WEEKLY
 - A. Low-reach areas, chair rungs, baseboards and insides of door jambs dusted.
 - B. Window sills, ledges and wood paneling and molding dusted.
3. MONTHLY
 - A. Scrub and refinish all composition floors as needed.
 - B. High-reach areas, door frames and tops of partitions dusted.
 - C. Picture moldings and frames dusted.
 - D. Wall vents and ceiling vents dusted.
 - E. HVAC chiller water checked for bacteria, water conditioned as necessary.
4. QUARTERLY
 - A. Light fixtures cleaned and dusted, but not less frequently than Quarterly.
 - B. Draperies or mini-blinds cleaned as required, but not less frequently than Quarterly.
 - C. HVAC units serviced for preventative maintenance purposes, all filters changed.
 - D. Upholstered furniture vacuumed, plastic and leather furniture wiped.

5. SEMI-ANNUALLY

- A. All painted wall and door surfaces washed and stains removed.
- B. All walls treated with vinyl covering washed and stains removed.

6. ANNUALLY

- A. Windows washed inside and outside.

7. AS NEEDED

- A. Premises and the sidewalks, driveways, parking areas and all means of access and egress for the Premises should be maintained in good repair, and in clean and safe condition at all times.
- B. All lawns, shrubbery and foliage on the grounds of the Premises should be maintained in good condition and neat in appearance. Grass and shrubbery must be replanted as needed to maintain the grounds in good appearance and condition.

8. GENERAL

Landlord shall, upon request of Tenant, produce written service contracts as evidence of compliance with the terms of this Cleaning and Maintenance Schedule.

LANDLORD'S WORK LETTER

A. Landlord, within ten (10) days after receipt of a duly executed copy of this Lease and County-approved preliminary plans, will at its own expense, subject to the application of the Base Tenant Improvement Allowance, cause a licensed California architect to prepare final working drawings and specifications for the proposed interior tenant improvements set forth in Addendum A hereto ("Tenant Improvements") which are to be provided by Landlord up to a maximum cost of \$170,000.00. The Base Tenant Improvement Allowance and any Additional Tenant Improvement Allowance and Discretionary Tenant Improvement Allowance shall be used to pay all construction costs, including A/E fees, permits, reasonable contractor's profit and overhead and project management fees, which shall not exceed 4% of the total Tenant Improvement costs, excluding office furniture systems.

B. Additional Tenant Improvement

In the event that the Tenant Improvement costs exceed \$170,000.00, Landlord shall provide, at Tenant's cost (as described below) an allowance for Additional Tenant Improvements costs and/or minor hard construction ("Additional Tenant Improvement Allowance") and an allowance for Discretionary Tenant Improvements costs and/or minor hard construction ("Discretionary Tenant Improvement Allowance"). Notwithstanding anything to the contrary herein or in the Lease, in no event shall Landlord be obligated under this Landlord's Work Letter for more than the aggregate of the Base Tenant Improvement Allowance, the Additional Tenant Improvement Allowance and the Discretionary Tenant Improvement Allowance. Tenant may authorize Landlord, after review of estimates and written approval of the Tenant's Chief Executive Officer or his designated representative, to pay for Tenant Improvements up to a maximum aggregate additional and discretionary amount of \$437,640.00 (for a maximum disbursement by Landlord under this Landlord's Work Letter of \$607,640.00).

Tenant agrees to reimburse Landlord for all additional Tenant Improvement costs/Additional Tenant Improvement Allowance actually used by Tenant, by amortizing the same, over a ten year term, at the interest rate of nine percent (9%) per annum, with payments to be made by Tenant to Landlord monthly, together with, and in addition to, Basic Rent. The Tenant may at anytime during the Lease term pay Landlord, or its designee, all or any portion of the Additional Tenant Improvement cost and reduce the rental rate accordingly. Tenant agrees to reimburse Landlord for all discretionary Tenant Improvement costs/Discretionary Tenant Improvement Allowance actually used by Tenant, by paying Landlord, or its designee, all of the Discretionary Tenant Improvement cost within 60 days of the Commencement Date of the Lease term.

Landlord will notify Tenant of the Tenant Improvement final cost, and the amount payable monthly by Tenant in addition to the rent. For purposes of ascertaining the actual cost of the Tenant Improvements, Landlord shall provide to Tenant, upon the issuance of a Certificate of Occupancy, or a final sign off by the City of Monterey Park, a detailed breakdown of the total costs of constructing the Tenant Improvements and execute a summarized breakdown of the total costs of the Tenant Improvements with the right to audit these costs for a period of twenty-four months from the date of completion and acceptance by Tenant of the Tenant Improvements.

C. The working drawings for the Tenant Improvements are to be prepared in accordance with preliminary plans and specifications No. _____ dated _____ (the "**Plans and Specifications**"). The Plans and Specifications are also on file with the Chief Executive Office and Identified as Addendum "_____" and incorporated herein by reference thereto and Landlord has a duplicate copy. Landlord shall provide any final working drawings required from said preliminary plans with Tenant having the right to review and approve said final working drawings (the "Working Drawings") within 15 days of Landlord's submission of the same to the Tenant. All work, construction and materials required for the Tenant Improvements shall be set forth in the final Working Drawings and specifications. All circuit breakers, fire sprinklers, and plumbing shut off valves shall be labeled as to areas controlled both on the drawings and on the breaker panels and valves. Upon completion Landlord shall furnish the Chief Executive Office with one (1) complete set of reproducible as-built drawings or a "CAD" system basis together with the existing plans in possession of Landlord showing the locations of all underground utility lines and their depths.

D. The Premises shall meet all applicable City, County, State and Federal building codes, regulations and ordinances required for beneficial occupancy.

E. The Landlord shall submit three bids for the construction of the Tenant Improvements to the County for its review prior to award of the contract. The bids shall each include an itemized list of all materials and labor and shall include all additional costs including A&E fees, permits, reasonable contractor's profit and overhead, and project management fees.

F. The Tenant Improvement cost shall not include any costs incurred for asbestos abatement, or conversion of air conditioning systems to eliminate use of CFC refrigerants that are harmful to the atmosphere. All work for required asbestos abatement, or air conditioning system conversion shall be performed at the sole cost and expense of Landlord.

G. Except as otherwise provided in the Lease or in this Work Letter, Tenant (not Landlord) shall be responsible at its sole cost and expense (subject to Tenant's right to apply any remaining portion of the Allowance) for all costs associated with the Tenant Improvements plus all costs arising out of or triggered by the Tenant Improvements and/or Tenant's specific use or occupancy of the Premises, including, without limitation, all costs incurred to satisfy any codes, regulations, ordinances or other laws and all costs incurred in connection with any required modifications or upgrades to base Building systems (including any fire sprinkler system) but excluding asbestos abatement or conversion of air conditioning systems to eliminate use of CFC refrigerants that are harmful to the atmosphere, if such need for modifications or upgrades arise out of or are triggered by the Tenant Improvements and/or Tenant's specific use or occupancy of the Premises.

H. Completion

The parties agree that the estimated time for completion of the Tenant Improvements is as set forth in Section 1(f) of this Lease. Landlord shall file for a building permit to construct the Tenant Improvements within ten (10) days of completion of final Working Drawings and acceptance thereof by Tenant and diligently pursue to obtain said permit as soon as possible.

Completion of the Tenant Improvements may be delayed by the following ("Excusable Delays"):

1. Acts or omissions of Tenant or of any employees or agents of Tenant (including change orders in the work), or
2. Any act of God which Landlord could not have reasonably foreseen and provided for, or
3. Any strikes, boycotts or like obstructive acts by employees or labor organizations which Landlord cannot overcome with reasonable effort and could not reasonably have foreseen and provided for, or
4. Any war or declaration of a state of national emergency, or
5. The imposition by government action or authority of restrictions upon the procurement of labor or materials necessary for the completion of the Premises.

If Landlord fails to obtain the building permit within a reasonable time, taking all factors into consideration, or if the Tenant Improvements have not been completed within ninety (90) days from the Projected Commencement Date, which period shall be extended for a reasonable time for delays enumerated above, Tenant may, at its option, upon thirty (30) days written notice to Landlord, assume the responsibility for providing the Tenant Improvements itself.

If Tenant elects to provide the Tenant Improvements itself, then Tenant, its officers, employees, agents, contractors and assignees, shall have free access to the Premises at all reasonable times for the purpose of making the Tenant Improvements and for any other purposes reasonably related thereto.